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TAGS: [ENRG](#) [ECON](#) [PGOV](#) [BK](#)
SUBJECT: BOSNIA: TRANSCO BOARD APPROVES ACTING MANAGEMENT
TEAM

REF: A. SARAJEVO 1280
[1](#)B. SARAJEVO 147

1.(SBU) The management board of the state-managed electricity transmission company Elektroprenos (Transco) met November 16 and unanimously approved an acting management team. Transco's management board, embroiled in a political battle between the RS and Federation (reftels), had not met as a whole for over 18 months. Acting Executive Director for Operations and Maintenance Zdenko Vukic told us November 18 that the board gave blanket approval to proceed with spare parts and equipment purchases, necessary to improve and repair the power grid in advance of this year's winter storms. However, potential political challenges remain, including the transfer of Transco's 110 kilovolt assets.

BOARD RETURNS TO WORK

2.(SBU) The reconstituted board directed the following previous managers to hold their positions in "acting" status: Dusan Mijatovic as general manager; Zdenko Vukic as executive director for operations and maintenance; Zlatko Vidovic as executive director for finance and administration; and Ramiz Mehmedagic as executive director for legal affairs. The board also approved hiring permanent staff in their respective departments. Transco has been increasingly dysfunctional as the mandates of these officials expired over the last several months, culminating with that of the general manager September 18. Vukic told us that the board approved equipment procurement to resolve allpending spare parts purchases in the next seven ays -- and improve the power grid in advance of inter. He noted, however, that the board appointed the same management (who had caused previous bockages in company operations).

110-KV ASSET ISSUE MAY CAUSE MORE BLOCKAGES

3.(SBU) Although not addressed in the November 16 meeting, the November 6 agreement between the Federation and RS Prime Ministers directed the Transco management board to commission a study to consider transferring all physical assets and employees related to the 110-kilovolt lines from Transco back to the regional Elektropriredas companies (headquartered in Sarajevo, Mostar, and Trebinje (RS)). Energy experts here believe that working out details of such a transfer could still cause political blockages with Transco operations.

COMMENT

4.(SBU) The complexity of disentangling 110-kv assets involves human resource, operational and legislative issues, which are likely to create more friction within the management board. When RS Prime Minister Dodik proposed this

same 110-kv asset transfer in February 2008, then-Federation PM Brankovic refused. Only after PM Dodik raised the stakes by threatening total RS withdrawal from the company did the Federation agree to consider it. It is possible that Federation PM Mujezinovic promised PM Dodik the 110-kv asset transfer in their November 6 meeting. If that is the case, then Transco will overcome the technical challenges of transfer. What will remain of the company following such a divestiture is yet unknown.

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